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ROBERT M. C. ROSE
OF COUNSEL

June 1, 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
Weir Complaint
Our File No. 33013.01

Dear Ms. Bayo:

I have been asked by management of Sun Communities Finance LLC d/b/a Water Oak Utility (hereinafter "Water Oak" or the "Utility") to respond to the customer complaint recently formalized by Mr. Weir. I have outlined below the facts underlying the case; the considered alternatives; and our final conclusion and recommendation:

1. Underlying Facts - Mr. Weir seeks the Commission to order Water Oak to provide continuous irrigation service even during vacation times for the customers, without separate sewer charges. In order to do so, this customer has proposed that the Utility should be required to provide water service through the normal potable meter, without any sewer service gallonage charges during a customer's absence for vacations. Such a proposal has never before been authorized or required of a utility regulated by the Commission for numerous reasons. Though the Utility has offered, the customer is unwilling to accept installation of a separate irrigation meter to accomplish this same goal.

2. Analysis and Alternatives Offered - While the traditional method for dealing with this issue is to provide the customer with a separate irrigation meter, the customer has declined that option and offered another unprecedented, and we believe unworkable alternative. I have tried to address both of these below:

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FPSC RECORDS/REPORTING

- A. Separate Irrigation Meter - The Florida Public Service Commission has always considered installation of a separate irrigation meter to be the appropriate way to address a desire of customers to obtain irrigation service at any time (either vacation or otherwise), while separating irrigation water from drinking water and sewer service. While there may be some additional up-front costs above and beyond account setup fees, and meter installation charges, this would be true only to the extent that the customers' separate irrigation service cannot be connected from the existing water service line.

The customer would then pay for the service with a monthly base charge and gallonage charges, without fear of sewer charges being assessed. This method allows the Utility to depend upon its meters and services for determination of when a customer is receiving service and when they are not, and alleviates any concern that any of the water flows are returning to the sewer system. As such, it is by far the most controllable method, and the only one ever authorized by the Commission to our knowledge to address a customer's request for separate irrigation.

- B. Customer Alternative - Irrigation Through Existing Water Meter - The customer has proposed that the Utility continue to provide water service while the customer is on vacation, and simply not charge the customer for sewer gallonage charges during these designated periods. The determination of what represents a time on vacation would be made by notification from the customer to the Utility, in one form or another. The problems with this proposal are many. I have attempted to outline some of these below:

- (1). Loss of Control at the Meter - This alternative eliminates the Utility's ability to control and monitor the service it is providing, by controlling whether or not the customers' meter is turned on or off. The Utility loses that type of control if any arrangements are made that do not depend upon the meter's status. To our knowledge, the Commission has never set a rate or method for charging that is not dependant upon the meter status. It is because of the potential for abuse and subjective determinations of appropriate charges that this has never before been done.
- (2). Possibility of Abuse - Because this method is dependant upon customer reporting or otherwise non-meter related reportings of who is on vacation and during what period of time, this method is subject to abuse, either intentionally or by accident. A customer who reports a time on vacation when that customer is actually not on vacation, would result in deficient

revenues to the Utility and the customer receiving service without properly paying for it. Any method by which the Utility is informed of the customer's status outside of the meter being turned on or off, as is traditionally done, invites this type of abuse, and requires additional monitoring, billing and administration costs by the Utility. Because of these factors, disputes would be more common and more difficult to resolve, thereby further increasing the Utility's administrative costs.

- (3). Increased Costs - Since this proposal for providing vacation service to a customer has never before been approved for a PSC regulated utility to our knowledge, it is difficult to estimate the additional costs that would be incurred as a result of this method in billing customers. However, it is clear that additional computer programming, utility personnel monitoring, and billing would consume additional time, and cost additional monies to the Utility and therefore require some increases in rates. As noted above, the subjective nature of determining when a customer is receiving regular versus vacation service, would result in more disputes and more difficulty in resolving those disputes at a significant additional cost.
- (4). Revenue Deficiency - If this new type of rate structure and charge was authorized or required by the Commission, to the extent it was utilized by any significant number of customers, it would create a revenue shortfall that must be made up from all classes of customers, in the form of increased water and sewer rates. No such change should be implemented without recognizing that decrease in revenues and, therefore, required increases in rates. Such increases would also have to include the additional costs that the Utility would incur in administering such an additional rate.

Based upon the above factors, I believe it is clear that the proposal by the customer for receiving irrigation service through his potable meter is not a workable solution, and presents many additional costs and potential problems, as well as the likelihood for abuse and very subjective determinations concerning appropriate service charges and appropriate cutoff by the Utility for improper reporting of the customer's status. All of these factors lead to the conclusion that the only reasonable method to address this customer's concern, is to provide a separate irrigation meter, as has been done for decades by this Commission in order to address similar issues by customers. This small Utility Company should not be placed in a position of being a "guinea pig" for a new method of billing for irrigation service, when such problems and revenue shortfalls are obviously a net result of such a change in long-standing policy and procedure. We therefore request that the Commission and its staff act quickly to recognize that the Utility is complying with its tariff and offering service

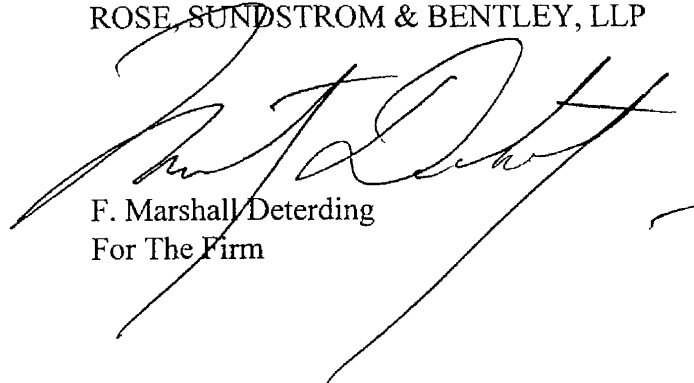
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to this and all of its customers, and that to the extent separate irrigation service is requested by the customer, the Utility stands ready, willing, and able to provide such service in accordance with its tariff.

Should you have any further questions or need any further information in this regard, please let me know. However, keep in mind that this is a small Utility and this process being drawn out serves no useful purpose, especially when all such costs incurred must ultimately be borne by the general body of ratepayers.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP

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

F. Marshall Deterding
For The Firm

FMD/tmg

cc: Ms. Gabrielle Umbel
Ms. Lori Rumer
Gary Morse, P.E.
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