

Director, Division of the Commission Clerk,
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd
Tallahassee Fl.32399-0870

March /8/2002

Re P.S.C. Docket No 010087-WS.

Please refer to a copy of the attached letter that all residents of Water Oak received from Sun Communities, dated Feb, 14, 2001.

Among other statements contained in the letter, it basically states, that if the residents of Water Oak do not approve the purchase of the Water Oak utility, it will result in an increase in water rates for all customers of the utility.

In the attached copy of the Initial Customer notice regarding P.S.C. Docket No 010087-WS, refer to paragraph #1, wherein, it states, that the Water Oak Utility, (has been required by the St John River Water Management District) to pursue implementation of a reuse system for its treated wastewater effluent, so that water generated by the wastewater system, can be utilized for irrigation purposes.

It is my understanding, that the prime user of the recycled water, will be the Water Oak Golf Course, which is a separate company from Water Oak.

The question I raise at this time, is this, the majority of Water Oak residents, do not play golf, and have no interest in the problems at the golf course, therefore, why should Sun Communities be allowed to pass this expense on to the residents of Water Oak.

It seems to me, it is time that the Chapter 723 be looked at, as it pertains to pass on charges etc, our rents are increased each year, according to the C.P.I., (Consumer Price Increase) this is supposed to take care of ongoing increases in the cost of doing business.

I apologize for the length of this letter, but it is important that consideration be given to all factors, such as Sun Communities making no mention of the golf course implications, and the effect their application, would have on retiree's, who are on fixed income.

Trusting the above information will be taken into consideration.

John R. Cronin
663 Cedar Lane
Lady Lake Fl. 32159



- AUS _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- SEC _____
- OTH _____

DOCUMENT NUMBER-DATE

02788 MAR 11 8

FPSC-COMMISSION CLERK



SUN COMMUNITIES, INC.

December 13, 2001

To All Residents of Water Oak Country Club Estates

Re: Sale of Water Oak Water & Sewer Utility to the Town of Lady Lake

Dear Residents:

We would like to take this opportunity to clarify our position as it relates to the sale of the Water Oak Utility and the recent newspaper articles of November 21, 2001 in the Orlando Sentinel – Lake Section and December 3, 2001 in the Villages Daily Sun.

We feel the best way to communicate our position is through the following question and answer format:

Question: Why is Sun Communities selling the Water Oak Utility?

Answer: In 1999 it became very clear that the operation of a large water and sewer system such as Water Oak's was becoming a very management intense project and outside of the scope of expertise of Sun Communities. In August of 1999 we were approached by Utilities, Inc., a company who specializes in the purchasing and operation of water and sewer utilities throughout the United States. During the time that Utilities Inc. was reviewing our books and records and the physical condition of our water and sewer plants, we were contacted by the Town of Lady Lake on February 8, 2000 to discuss acquiring ownership, operations, and maintenance of the Water Oak water and wastewater operations. Sun Communities made the decision at that time to meet with the Town of Lady Lake.

Question: What has happened since the first meeting with the Town of Lady Lake?

Answer: After meeting with the Town of Lady Lake, Sun Communities gave the Town permission to enter the property and review the water and wastewater treatment plants in order for the Town to determine whether they thought it was in their best interest to purchase the utility. Due to the complexity of many issues, it took many months for the Town to move forward on the purchase of the utility. As many of you will recall, there was an article in the Daily Sun on October 27, 2000 wherein the Commissioners of the Town discussed the purchase of the Water Oak water and sewer system. On November 3, 2000, Sun Communities

received a letter from the Town of Lady Lake stating that the Town had finished their budgeting process and was now in the position to study the possible acquisition of the Water Oak utilities once all the information they needed was reviewed by the Town engineers and attorneys. Simultaneously, Sun Communities requested that the Florida Public Service Commission, which regulates the Water Oak utility, allow the Utility additional time to file their wastewater reuse project plan as mandated by the Commissions final order issued in the summer of 2000. In late June 2001, the Town authorized the Town attorney to coordinate a purchase agreement directly with the attorney representing the Water Oak Utility. Several drafts later, a final purchase agreement was received by Sun Communities in mid-November, 2001 with a tentative closing date of December 14, 2001.

Question: What is Sun Communities' position as it relates to the article written by the Orlando Sentinel – Lake Section on November 21, 2001?

Answer: Sun Communities was disappointed that the utility purchase was not approved by the Town Council on November 20, 2001 since both the Town and Sun Communities have expended a great deal of time and money towards the purchase of the utility. Also, the newspaper did not mention the fact that the Water Oak Utility had filed its own reuse project plan and request for an increase of the wastewater rates with the FPSC on June 19, 2001. Sun Communities requested the FPSC (Florida Public Service Commission) to delay the plan and rate increase due to the imminent sale of the utilities.

Question: What is Sun Communities position on the Villages Daily Sun article of Monday, December 3, 2001?

Answer: Sun Communities was very disappointed to see that the Town may walk away from the sale of the utility, when, in fact, the final draft of the purchase agreement states that there will be **no rate increase** for the Water Oak residents for the first two years of the agreement, and then the water rates would be raised to the rates being paid by other users in the Town over the following four years. Therefore, the residents of Water Oak would not be paying the full Town rate for six years. We do not believe the Town made the wrong offer for the utility since the utility's books and records are public knowledge filed with the Florida Public Service Commission and the Town was using those figures as the basis for the offer. Sun Communities does not believe that the residents of Water Oak would be harmed by the expansion of the plant by the Town to service other users in that both the water and sewer plants are strictly regulated by the Florida Public Service Commission, the Department of Environmental Protection, and other agencies, whether or not the utility services just Water Oak or other users as well. The engineers that represent Sun

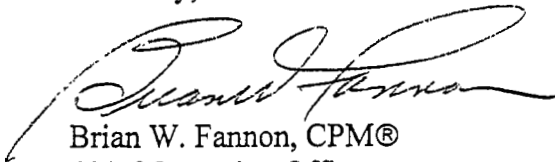
Communities do not agree with the statement in the article that expansion of the plants would "create too much pressure and cause leaks in the Water Oak system."

Question: What happens to the residents of Water Oak if the water and sewer utilities are not sold to the Town?

Answer: Under order of the Florida Public Service Commission (FPSC) the Water Oak Utility was required to file a reuse project plan. The construction and operation of those facilities will be a relatively costly endeavor for the Utility. The Utility has proposed to increase rates under that plan as filed with the FPSC on June 19, 2001 by a total of 43% to 150% (depending on water usage) with an average of approximately 90% effective immediately upon construction of the facilities. If the sale of the system does not go through, the FPSC will require that we move forward in this matter, which will likely result in the increase in rates for all customers of the Utility, along the lines of that proposed in the application. The Water Oak Utility will have no choice but to proceed with this process if the sale is not concluded. Again, Sun Communities feels it is in the best interest of both the residents of Water Oak and Sun Communities if the sale of the Water Oak Utility be consummated with the Town of Lady Lake. If the sale does not take place, the Water Oak Utility will comply with all provisions of the Florida Public Service Commission and Sun Communities will look elsewhere for a ready and willing buyer to purchase the Water Oak Utility System.

We hope that this letter clarifies what has transpired over the last two years as it relates to the sale of the Water Oak Utility and on behalf of all the employees of Sun Communities we wish you and your families a Happy Holiday and a prosperous New Year.

Sincerely,



Brian W. Fannon, CPM®
Chief Operating Officer

Initial Customer Notice
 Sun Communities Finance, LLC d/b/a Water Oak Utility
 PSC Docket No. 010087-WS

Date Issued: February 14, 2002

1. Notice is hereby given, pursuant to Rule 25-22.0407, Florida Administrative Code, that Sun Communities Finance, LLC d/b/a Water Oak Utility, has filed a request for approval of a Reuse Project Plan with the Florida Public Service Commission and the official date of filing for that Petition has now been established as December 27, 2001. The general reason for the requested rate increase is that the Utility has been required by the St. Johns River Water Management District to pursue implementation of a reuse system for its treated wastewater effluent, so that the water generated by the wastewater system can be utilized for irrigation purposes. This will require substantial improvements to the wastewater system and new operations costs to comply with the Florida Department of Environmental Protection requirements for such a system. A rate increase is necessary in order for the Utility to be given an opportunity to recover those additional expenses and to earn a fair return on the new investment.

2. Copies of the petition, minimum filing requirements, and synopsis are available for inspection during normal office hours at the Utility's office as follows:

Water Oak Utility 106 Evergreen Lane Lady Lake, FL 32159 Phone: 352-753-3000	Business Hours: 9:00 a.m. - 5:00 p.m. Monday through Friday
---	--

3. The initial tentative schedule established for the case, including dates, times and locations of hearings, is as follows:

Customer Meeting - May 9, 2002
 Public Service Commission Audit Complete - May 17, 2002
 Staff Recommendation due - June 8, 2002
 Commission Conference on PAA Rates - June 20, 2002

4. Listed below are the Utility's present and final proposed wastewater rates.

Present and Proposed
Residential Service

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Final Rates</u>
All Meter Sizes	\$ 7.65	\$ 13.49
Gallonge Charge - Per 1,000 Gallons (Maximum 6,000 gallons per month)	2.07	2.45

General Service

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Final Rates</u>
5/8" X 3/4"	\$ 7.56	\$ 13.49
3/4"	11.48	20.24
1"	19.12	33.73
1 1/2"	38.25	67.45
2"	61.21	107.92
3"	122.40	215.84
4"	191.26	337.25
6"	382.53	674.50
Gallonge Charge - No CAP (\$/000 gallons)	\$ 2.50	\$ 2.45

5. Any written comments regarding the Utility's service or the proposed rates and charges should be addressed to: Director, Division of the Commission Clerk and Administrative Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870 and should identify the Docket Number assigned to the proceeding. Complaints regarding service may be made to the Commission's Division of Consumer Affairs at the following toll free number: 1-800-342-3552.

6. The Utility has not requested a change in its Service Availability Charges as part of its rate request, however, the Commission will be reviewing the Utility Service Availability Charges in the case, and the Commission may adjust those charges if the Commission deems that appropriate.