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March 14, 2002

VIA HAND DELIVERY

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Mr. Ted Davis
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

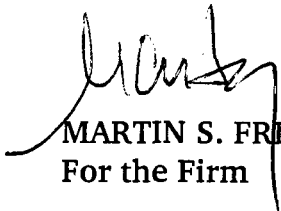
Re: Docket No. 011451-WS; Plantation Bay Utility Company;
PSC Overearnings Investigation
Our File No. 36062.01

Dear Ted:

The expense amounts reported in Plantation Bay Utility Company's 2000 Annual Report do not reflect the typical expenses of the Utility on a going forward basis. I have enclosed a schedule showing the 2001 operating and maintenance expenses and a comparison of those expenses for 2000. As you can see, total expenses for 2001 were a little over a hundred thousand dollars greater than the year 2000. In addition, I have also enclosed a copy of the letter from Plantation Bay Utility Company to me which sets forth the Utility's repairs and improvements to its water and wastewater systems which will be completed in 2002 in the approximate total amount of \$423,000.

We believe that the increased expenses for 2001, along with the rate of return on the repairs and improvements which the Utility is currently undertaking, will negate any overearnings on a prospective basis. When you have had an opportunity to review the enclosed, I would like to sit down and discuss it with you at your convenience.

Very truly yours,


MARTIN S. FRIEDMAN
For the Firm

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MSF:brm
cc: Ms. Jean Trinder

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FPSC-COMMISSION CLERK

OPERATING EXPENSES	2000			2001			VARIANCE
	WATER	WASTEWTR	TOTAL	WATER	WASTEWTR	TOTAL	
OPERATION & MAINTENANCE							
SLUDGE REMOVAL		\$ 3,825.00	\$ 3,825.00		\$ 37,890.00	\$ 37,890.00	\$ 34,065.00
PURCHASED POWER	\$ 11,887.00	\$ 13,537.00	\$ 25,424.00	\$ 13,314.54	\$ 15,728.33	\$ 29,042.87	\$ 3,818.87
CHEMICALS	\$ 8,488.00	\$ 3,405.00	\$ 11,893.00	\$ 13,129.89	\$ 2,797.83	\$ 15,927.72	\$ 4,034.72
CONTRACTUAL SERVICES		\$ -	\$ -		\$ -	\$ -	\$ -
WETHERELL	\$ 46,589.00	\$ 24,132.00	\$ 70,721.00	\$ 37,846.99	\$ 32,520.55	\$ 70,367.54	\$ (353.46)
RHEMA	\$ 2,885.00	\$ 2,885.00	\$ 5,770.00	\$ 3,592.45	\$ 3,592.47	\$ 7,184.92	\$ 1,414.92
CRONIN	\$ 456.00	\$ 458.00	\$ 912.00	\$ 471.00	\$ 471.00	\$ 942.00	\$ 30.00
OTHER	\$ 4,782.00	\$ 4,782.00	\$ 9,564.00	\$ 1,540.00	\$ 1,540.00	\$ 3,080.00	\$ (6,484.00)
BOYD		\$ 520.00			\$ -	\$ -	\$ -
ENVIROLAB	\$ 2,547.00	\$ 175.00	\$ 2,722.00	\$ 2,810.00	\$ -	\$ 2,810.00	\$ 88.00
ROTO-ROOTER		\$ 418.00		\$ 169.92	\$ 149.93	\$ 319.85	\$ 319.85
AQUATIC BIOLOGISTS			\$ -	\$ 1,500.00		\$ 1,500.00	\$ 1,500.00
PALM COAST	\$ 1,500.00		\$ 1,500.00			\$ -	\$ (1,500.00)
ICI	\$ 12,000.00	\$ 12,000.00	\$ 24,000.00	\$ 30,240.00	\$ 19,780.00	\$ 50,000.00	\$ 26,000.00
FINLEY ENGINEERING	\$ 3,884.00	\$ 3,184.00	\$ 6,848.00	\$ 3,941.49	\$ 2,575.51	\$ 8,517.00	\$ (331.00)
STUART LYONS ROOFING			\$ -	\$ 1,409.50	\$ 1,409.50	\$ 2,819.00	\$ 2,819.00
VOLUSIA	\$ 125.00		\$ 125.00			\$ -	\$ (125.00)
HALLIFAX	\$ 35.00	\$ 35.00	\$ 70.00			\$ -	\$ (70.00)
ECONOMY ELECTRIC	\$ 620.00	\$ 2,315.00	\$ 2,935.00	\$ 2,738.82	\$ 1,111.39	\$ 3,850.21	\$ 915.21
MOWERKS	\$ 1,018.00	\$ 1,028.00	\$ 2,046.00	\$ 1,415.00	\$ 790.00	\$ 2,205.00	\$ 159.00
ANDREYEV ENGINEERING	\$ 5,750.00		\$ 5,750.00	\$ 7,100.00		\$ 7,100.00	\$ 1,350.00
ZABATT	\$ 314.00	\$ 314.00	\$ 628.00	\$ 11,440.57	\$ 7,475.72	\$ 18,916.29	\$ 18,288.29
SEAN SACKETT	\$ 1,503.00	\$ 1,168.00	\$ 2,671.00	\$ 8,899.51		\$ 8,899.51	\$ 6,228.51
FLA WATER		\$ 136.00				\$ -	\$ -
INSURANCE		\$ 65.00				\$ -	\$ -
INSURANCE - GEN LIABILITY	\$ 339.00	\$ 339.00	\$ 678.00	\$ 4,585.36	\$ 2,998.25	\$ 7,581.81	\$ 6,903.61
BAD DEBT			\$ -			\$ -	\$ -
MISCELLANEOUS EXP	\$ 2,302.00	\$ 1,115.00	\$ 3,417.00	\$ 6,221.47	\$ 1,824.57	\$ 7,846.04	\$ 4,429.04
TOTAL EXPENSES	\$ 106,824.00	\$ 75,814.00	\$ 182,638.00	\$ 152,366.51	\$ 132,433.05	\$ 284,799.56	\$ 102,181.56

PLANTATION BAY UTILITY COMPANY

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Ormond Beach, FL 32174

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March 12, 2002

Martin S. Friedman
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: **Summary of Planned Improvements**
Plantation Bay Utility Company

Plantation Bay
Flagler County, Florida

Dear Mr. Friedman:

As per your correspondence on behalf of the Public Service Commission dated January 31, 2002, the Plantation Bay Utility Company (PBUC) is taking this opportunity to provide you with the following summary of planned improvements to PBUC's water and wastewater treatment facilities located within the Plantation Bay Subdivision, Flagler County, Florida.

PBUC has contracted with Wetherell Treatment Systems of Ormond Beach, Florida, and Economy Electric of Daytona Beach, Florida, to proceed as soon as possible with the majority of the work items itemized herein, with the intention of completing planned repairs and improvements within the 2002 calendar year. This February, PBUC also intends to begin the new raw supply well installation and existing supply well refurbishment activities this February once bid packages are reviewed and a drilling contractor is chosen.

The following are PBUC's planned improvements and repairs who's associated costs total \$422,876:

PBUC WATER TREATMENT PLANT REPAIRS AND IMPROVEMENTS

Wetherell Treatment Systems - \$86,995

- 1) Install new slaker with belt feeder and control panel, including equipment hookup.
- 2) Install a new gas chlorination system.
- 3) Replace/repair defective backwash and filter valves on gravity filter.
- 4) Replace three new 3" gate valves for pressure pumps and distribution system.
- 5) Sandblast and refurbish exterior of lime silo, filter, accelerator, transfer tank, Hydro-tank and piping. Apply final coats of epoxy primer and polyurethane enamel.
- 6) Install one new finish-water color meter.

Wetherell Treatment Systems - \$9,098

- 1) Purchase one new 3" flanged swing check valve.
- 2) Purchase one new 25 H.P., 3-Phase pressure pump motor.
- 3) Purchase one new Aurora pressure pump.
- 4) Purchase one new transfer motor pump.

Economy Electric - \$48,036

- 1) Furnish and install one new 230 KW Onan generator, 600-amp auto switch, and new concrete pad. This unit will service both the water and sewage treatment plants.

New Raw Well And Existing Well Refurbishments - \$150,000

- 1) Design Services
 - a. Surveying for easements, legal descriptions, pad elevations, and as-builts.
 - b. Environmental engineering services for well design, bid document preparation, and well installation oversight for Raw Well No. 4.
 - c. Civil engineering services for site and system design, improvement oversight, and representation with regulatory agencies on behalf of PBUC.
- 2) New Raw Well No. 4 Installation Activities
 - a. Installation of a new 160-foot 8" raw water supply well.
 - b. Installation of Goulds lineshaft turbine pump, control panel, and discharge stub-out.
 - c. Installation of water level indicator, flow meter, and auto shut-off mechanism.
- 3) Related Infrastructure for New Raw Well No. 4
 - a. Clear and fill 250 square-foot easement.
 - b. Pour new concrete slab with footers for future pump house.
 - c. Install fencing for the new well compound.
 - d. Connect Well No. 4 to existing water supply main including 1,400 feet of 8" PVC, reducer and flange, sampling port, wet-tap, tapping sleeve, and valve.
 - e. Re-stabilize ½ mile of unimproved access road with fill and seed / mulch.
- 4) Existing Well Nos. 1, 2 and 3 - Pump Repair and Refurbishment
 - a. Replace the lower unit of the three existing lineshaft turbine pumps.
 - b. Well No. 1 - Furnish and install water level indicator.
 - c. Well Nos. 1, 2, and 3 - Furnish and install pump auto shut-off systems.
 - d. Supply one new pump replacement motor.
- 5) Economy Electric - Well Field Improvements
 - a. Install new 50 KW emergency generator with restart timers at the well field.
 - b. Install new power pole for new generator.
 - c. Extend power to new raw well No. 4 and install new power panel.
 - d. Extend the remote control wiring from the plant controls to the new well house.
 - e. Re-feed power to the three existing wells and connect to the new pump shut-offs.
 - f. Install generator lapsed time indicator and generator indicator light at main plant.

PBUC SEWAGE TREATMENT PLANT REPAIRS AND IMPROVEMENTS**Economy Electric - \$25,182**

- 1) Furnish a portable 50 KW generator system mounted on a trailer unit.
- 2) Install manual transfer switches and portable generator receptacles at two lift stations.

Wetherell Treatment Systems - \$30,998

- 1) Purchase one new Lamson centrifugal blower assembly

Wetherell Treatment Systems - \$72,568

- 1) Install new chlorination system.
- 2) Install a new Ultrasonic flow meter with surge package.
- 3) Replace defective valves and controls on sewage plant gravity filter.
- 4) Install one new 1 H.P. air compressor for pneumatic filter system.
- 5) Remove and refurbish all media and underdrain systems to #1, #2, and #3 filter cells.
- 6) Refurbish exterior of all steel tankage and tertiary filter. Apply final coat of epoxy primer and polyurethane enamel to the exterior of the plant, tertiary filter, and exposed piping.
- 7) Pump down, clean, and sandblast the top three feet of the interior of the plant's tankage. Replace deteriorating steel and re-weld in place. Apply final coats of 12-mil epoxy tar.

Should there be any additional questions regarding this summary or any other PBUC matter, please do not hesitate to contact the undersigned at (386) 788-0820.

Respectfully Submitted,



Douglas R. Ross, Jr.
Utility Manager

CC: Jean Trinder, ICI