

WS571

SERVICE MANAGEMENT SYSTEMS, INC.

SMS

October 21, 2002

ORIGINAL

Public Service Commission
Water and Wastewater
Division Commission Clerk & Administrative Service
2540 Schumard Oak Boulevard
Tallahassee, Florida 32399-0873

REF: Service Management Systems, Inc.
Water Utility Certificate 517W

021087-WU

Dear Sirs:

Please accept this letter as a request for a new class of service of non-potable water customer. Service Management Systems, Inc. currently has an approved tariff providing for a gallonage rate for non-potable water of 55 cents per 1,000 gallons. This current rate was approved on February 29, 2002 and is Sheet #12.0 in our water tariff.

When this utility first received an order from the Public Service Commission approving charges for potable and non-potable water and sewer, there were customers in place who had been receiving service for approximately five years for free. When this first order from the public Service Commission was issued in approximately 1989, the cost of installing meters to measure non-potable usage was to be a responsibility and cost of the utility. Meters were installed, but in one area of approximately 8 acres, it was not feasible to meter non-potable irrigation usage. When the initial distribution lines for the non-potable system were built, it was primarily a fire protection system, and was never contemplated that there would be metering of the secondary irrigation use. There is no single place to put a meter that would measure consumption. More than one meter would be necessary, and one meter would have to meter flows through a 12" ductile iron pipe, whose flow could not be restricted because of potential fire protection requirements.

I have discussed this matter with Mr. Tony Sargent, of the Public Service Commission. I am in the process of estimating the average consumption of water in this one contiguous landscaped area. The customer is Aquarina Community Services Association, Inc. (ACSA), which is the master homeowners association of the Aquarina community in South Melbourne Beach. This utility is requesting a flat rate based on historical usage in this area, which we can document statistically for the last decade. This one area, and this one customer is the only non-billed and non-metered consumer of non-potable water with this utility.

This utility has recently installed a meter that picks up approximately 1/3 of this area and the usage in the meter will be used as a statistic in providing a fully supported documented history of consumption. With the historical information available to this utility that documents all water usage from all sources and has documented all non-potable water supplied to all areas with this one exception, can clearly provide the basis to extrapolate this area's historical average gallonage use.

This is our application for a new flat rate to be billed monthly to this single customer, ACSA. This utility would like to have this rate approved by the Public Service Commission by December 2002, and intend to charge for non-potable water supplied to ACSA effective January 1, 2003. Our request is for a rate the same as currently approved, 55 cents per 1,000 gallons, but would be a billing based on estimated usage and not actual metered usage. The fee being requested by this utility will be a just, reasonable and compensating rate.

MAP Forwarded to ECR

DOCUMENT NUMBER-DATE

11686 OCT 25 02

235 Hammock Shore Drive • Melbourne Beach, Florida 32951 • (321) 723-2447

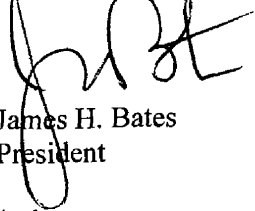
ESPC-COMMISSION CLERK

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This utility would have billed ACSA for non-potable water supplied to it in previous years, but I was of the mistaken impression that this customer could not be charged unless we installed meters to meter the usage. I am preparing the historical data and within 21 days will supply your office with the rate which we are requesting which will be the average monthly consumption over the past 3-5 year period times the current approved 55 cents per 1,000 gallons.

Sincerely yours,



James H. Bates
President

/gak

attach.