

ORIGINAL

LILA A. JABER
CHAIRMAN

STATE OF FLORIDA

CAPITAL CIRCLE OFFICE CENTER
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(850) 413-6044



Public Service Commission

March 6, 2003

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COMMISSION
CLERK

The Honorable Ray Sansom
Florida House of Representatives
348 SW Miracle Strip Parkway
Suite 8
Fort Walton Beach, FL 32548

Re: Sale of Florida Water Services Corporation to Florida Water Services Authority -
Commission Docket No. 021066-WS

Dear Representative Sansom:

Thank you for your recent letter regarding the proposed sale of Florida Water Services Corporation. Your input in this matter is appreciated. As you know, this has become a docketed matter (Docket No. 021066-WS) that the Commission must ultimately resolve. Since this is a docketed matter, Florida law prohibits me from commenting on the merits or the ultimate resolution of this issue. If you have any questions regarding this matter, please call our General Counsel, Harold McLean, at 850-413-6199.

A copy of your letter has been forwarded to our staff assigned to this docket, and to the office of the Commission Clerk for its inclusion in the docket file. Thank you for your participation.

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- OTH _____

Sincerely,

Lila A. Jaber
Chairman

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FPSC-COMMISSION CLERK

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cc: Lorena Holley, Legal
Commission Clerk & Administrative Services



Florida House of Representatives
Representative Ray Sansom
 District 4

Reply to: 348 SW Miracle Strip Pkwy.
 Suite 8
 Fort Walton Beach, FL 32548
 850-833-9328
 850-833-9342 (Fax)

210 House Office Building
 402 South Monroe Street
 Tallahassee, FL 32399-1300
 850-488-1170

February 25, 2003

RECEIVED

MAR 03 2003

The Honorable Lila Jaber, Chairman
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, Florida 32399-0850

Florida Public Service Commission
 CHAIRMAN JABER

Re: Acquisition of Utilities by Florida Water Services Authority

Dear Commissioner Jaber:

We understand that the Public Service Commission has received an application from Florida Water Services Corp. to transfer its water and sewer utilities to the Florida Water Services Authority, a public agency of Milton and Gulf Breeze under Section 163.01(7), Florida Statutes. Due to the tremendous importance of the above-referenced matter to the people of Northwest Florida, we request that the Public Service Commission cease its efforts to enjoin the closing of the transaction, and follow existing law providing for after-the-fact approval by the PSC.

The Florida Water Services Authority has been created pursuant to Section 163.01(7), Florida Statutes, as the agent of Gulf Breeze and Milton to implement this important public program. Until now, all other such agencies created under that statute have been allowed to proceed, unhindered, with the closing of the acquisition of the utilities. In every case to date, the PSC has granted all approvals as a matter of right and without review, and has always allowed the closing to occur prior to giving that approval. However, in the present case, the Florida Public Service Commission staff has sought to enjoin the program prior to closing, even though the law is eminently clear that the PSC has no jurisdiction:

Section 163.01(7)(g)(1), Florida Statutes, (under which the Florida Water Services Authority is created) specifically states:

Page 2

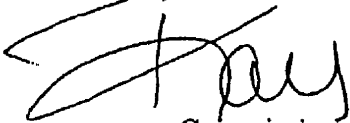
Notwithstanding s. 367.171(7), [the public service commission Act] any separate legal entity created under this paragraph *is not subject to commission jurisdiction.*

The acquisition of the utilities of Florida Water Services Corp. by an agency of Gulf Breeze and Milton will provide much-needed economic benefits to the local area. In addition, the utilities will be a resource for the current operations of the water and sewer utilities of Gulf Breeze and Milton, including disaster assistance, increased bargaining and purchasing power, permitting expertise and environmental resources, and other useful assistance. The acquisition will also assure that the customers of the utility no longer have to fund the profit (historically, \$14 million per year) returned to the investors who currently own Florida Water Services Corp. The utilities will continue to be operated by professional staff and management having extensive experience running the systems. And the Board of Florida Water Services Authority will be appointed by the cities of Gulf Breeze and Milton, who already have experience in running water and sewer utilities.

We urge that you (i) remain neutral in this transaction and (ii) follow the same procedure for this transaction as has been applied to the other public agency utility acquisitions, by allowing the transaction to close under authorization for after-the-fact PSC approval. The delays sought by the Public Service Commission create a tremendous risk that interest rates will increase and make the economics of the acquisition no longer feasible. We suggest that to interfere with the transaction in light of existing laws and precedents by the PSC may well expose the state to liability for the economic consequences of such interest rate changes.

Sincerely,

Ray Sansom



cc: Commissioner J. Terry Deason
Commissioner Braulio L. Baez
Commissioner Rudolph Bradley
Commissioner Charles M. Davidson