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Public Service Commission

June 25, 2004

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Martin P. McDonald, Esq.
Rutledge, Ecenia, Purnell & Hoffman
P.O. Box 551
Tallahassee, FL 32302-0551

Re: Docket No. 040509-SU; Motion by Citizens of the State of Florida to initiate show cause proceedings against Hudson Utilities, Inc. for alleged continued failure to provide service to Sea Pines Community in Pasco County.

Dear Mr. McDonald:

On May 25, 2004 the Office of Public Counsel filed a Motion to initiate show cause due to Hudson Utilities, Inc.'s (Hudson) failure to provide wastewater service to the Sea Pines Community. An answer to the Petition has not yet been filed in this docket. Attached to the May 25, 2004 letter was Hudson's letter dated May 7, 2004 to Mr. Reilly, indicating that there was a delay in serving the Sea Pines Community due to an increase in construction costs and that Hudson needed to run feasibility tests to satisfy the three lenders involved. Additional information is needed to clarify your position in this docket.

1. Have you discussed obtaining the necessary funds with the lenders to provide wastewater service with the Sea Pines Community? Please explain.

CMP _____ 2. Have you obtained the necessary permits from the Department of Environmental
COM _____ Protection and Pasco County to provide wastewater service to the Sea Pines Community? Please
CTR _____ explain your progress.

ECR _____ 3. Has the utility obtained bids from multiple construction companies for the construction of
GCL _____ the wastewater collection system for the Sea Pines Community? Please explain.

OPC _____ 4. How much higher are the current bids for construction when compared to the costs that
MMS _____ were estimated last year? Please provide Hudson's numbers.

RCA _____ 5. When do you believe the construction will begin to provide wastewater service to the Sea
SCR _____ Pines area, and when will the construction be completed?

SEC 1
OTH _____

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Mr. Martin P. McDonald

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6. Is Hudson negotiating with Pasco County for the County to provide wastewater service to any portion of Sea Pines? If so, how long do you anticipate these negotiations will take?

Your response to this letter should be filed with the Commission on or before July 30, 2004. Please be sure to refer to the docket number and direct the response to:

Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

If you have any questions, please call me at (850) 413-6999 or Ms. Rosanne Gervasi at (850) 413-6224.

Sincerely



Richard Redemann, PE

RPR

cc: Office of General Counsel (Gervasi)
Office of Public Counsel (Reilly)
Division of Economic Regulation (Clapp)
Division of Commission Clerk and Administrative Services