

ORIGINAL

Sunshine Utilities

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September 27, 2004

Division of the Commission Clerk
& Administrative Services
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 992015-WU - Application for limited Proceeding to Recover Costs of Water System Improvements in Marion County by Sunshine Utilities of Central Florida, Inc.

With regret, Sunshine Utilities of Central Florida, Inc. must advise that it will not proceed with the Regional Water Plant as referenced in the above Docket Number.

An application for limited proceedings filed and docket number assigned on December 23, 1999 and acknowledgment received from your office dated December 28, 1999.

Sunshine was to receive approximately \$752,000 from DEP in the form of a grant. The Drinking Water State Revolving Fund loan was to be approximately \$1,423,591. This loan had a effective interest rate of 3.63 percent for the 20-year life of the loan.

Through the original filing, Sunshine requested to increase the rates by 22.72 percent to fully recover this net project cost associated with the proposed system improvements.

CMP _____ Based on informal discussions, it was indicated that Staff was going to recommend denial

COM 3 of the project. A meeting between Sunshine and Staff was held on April 17, 2000.

CTR _____ Several items were discussed, however, Staff requested that we come back with a scaled
ECR _____ down project.

GCL _____ This request culminated in the Amended Application, filed on September 8, 2000, which
OPC _____ the requested rate increase was lowered to 18.20 percent. The Staff recommended denial
MMS _____ of the project, however, the Commission voted three to two in favor of the project and

RCA _____ Commission Jabor had the staff meet with the Utility and personnel of DEP to see if
SCR _____ something could be worked out as far as the funding.

SEC _____

OTH _____

OTH _____

DOCUMENT NUMBER-DATE

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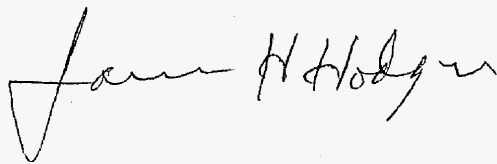
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The Second Amended Application was filed June 7, 2001. The requested rate increase was still lower at 15.73 percent, however, the Proposed Agency Action issued May 14, 2002, resulted in a 5.93 percent increase which was approximately one third of the increase requested.

Sunshine Utilities has spent over a quarter of a million dollars including \$160,000 Grant from the Florida Department of Environmental Protection which was, in essence, wasted on the pre-construction of the Regional Project.

From 1998 until 2004, after countless man hours and significant expense, it is unfortunate that the Florida Public Service Commission prohibited the development of the Regional Water Plant. This Project would have been tremendously beneficial to our customers in Southeast Marion County as well as solved water contamination and water quality concerns.

The 5.93 percent would not increase our rates enough to construct and maintain the proposed regional plant and allow any cash reserve for emergencies.



James H. Hodges
President

JHH:dc

cc: Chairman, Braulio L. Baez
Commissioner, J. Terry Deason
Commissioner, Lila A. Jabor
Commissioner, Rudolph Bradley
Commissioner, Charles M. Davidson