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CLERK

DATE: February 21, 2006

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: SM Nina L. Merta, Professional Accountant Specialist, Division of Economic Regulation

RE: Sun Communities Finance, LLC d/b/a Water Oak Utility, Docket No. 010087-WS

Attached is a February 20, 2006 letter from F. Marshall Deterding, Rose Sundstrom & Bentley, LLP, in response to questions stated in staff's January 18, 2006 letter. Please include this letter in the above docket file.

Cc: Division of Economic Regulation (Rendell)

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February 20, 2006
VIA HAND DELIVERY

Mr. Troy Rendell
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Sun Communities Finance, LLC d/b/a Water Oak Utility
Docket No. 990243-WS and Docket No. 010087-WS
Our File No. 33013.01

Dear Troy:

We are in receipt of your letter dated January 18, 2006 and have attempted to provide detailed responses below:

1. Please explain why the utility does not believe it is required to institute reuse by the end of 2006.

Company Response: Neither of the currently in effect Water Use Permits for the water Utility or the golf course entity, nor the Conservation Plan most recently approved and currently in effect, nor the Sewage Treatment Plan Operation Permit currently in effect, have any requirements for the wastewater treatment plant to provide reuse by any specific date. Some of these documents do contain language about the use of reuse when that service is available. Because of circumstances that have changed since the Utility originally proposed to move forward with reuse, including substantial increases in the cost of implementation of reuse, as well as the success of other conservation measures, the Utility does not believe that the reuse is appropriate at this time. There is clearly no requirement under the existing permits or Conservation Plans to implement reuse by any specific date. The Utility will work with the Water Management District and DEP in future permitting to determine when, or if, reuse is appropriate for this system.

2. When does the utility expect the requirement for implementation of a reuse system to be eminent?

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Company Response: The Utility expects that if domestic usage of water within the Water Oak system is high, relative to the goals of the utility and the Water Management District at the time of WUP renewal, and reuse implementation is logical, technically and economically feasible, then it may be proposed to be implemented at that time. Because that circumstance will result from a combination of factors it is difficult, if not impossible, to determine when the circumstances may be sufficient to make implementation of a reuse system "eminent." However, the Utility will continue to review reuse as an option and the relative costs versus benefits of implementing it versus other conservation measures, and will deal with that issue in the next round of permitting with the Water Management District and DEP.

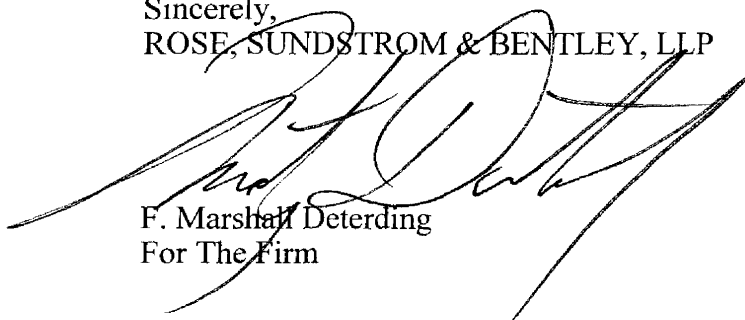
3. Does the utility believe that implementation of reuse is part of its Conservation Plan? If not, why not?

Company Response: At the time the Utility submitted its previous Conservation Plan to the Water Management District, it appeared that implementation of reuse was planned. As such, the Utility used that planned implementation as one of the stated intended courses of action comprising that Conservation Plan. However, as a result of many factors including the success of other aspects of the Utility's conservation efforts, other issues with the Utility system, substantial increases in the projected costs of implementation of a reuse system, and the limited effect on conservation of such implementation (golf course only and still less than 1/2 the needs of that golf course for irrigation); the Utility no longer considers the implementation of a reuse system an immediate part of its conservation plan, if even a viable part of it at all. The current Conservation Plan that was filed and approved with the District does not address reuse.

The Utility's position with regard to the feasibility and circumstances surrounding implementation of reuse may change over time and especially by the time of the Utility's next WUP permit renewal. The success of other conservation measures will also have a substantial impact on whether or not implementation of reuse is a part of any future conservation plans or permitting criteria.

I trust that the above answers your questions. If you need anything further, please do not hesitate to contact me.

Sincerely,
ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/tms