



Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399

Mr. Stan Rieger  
Florida Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399

February 13, 2009

RE: Colonial Manor Utility  
Order #: PSC-08-0622-PAA-WU

Dear Mr. Rieger,

As per the above referenced order, Colonial Manor Utility Company is required to furnish "quarterly status reports" regarding the construction of a centralized ion exchange treatment system. This letter is to serve as such status report.

The construction of the centralized treatment system is for the purpose of reducing Nitrate levels in the Colonial Manor water system, as exceedances of the MCL for Nitrate were experienced on several occasions in the past. Such exceedances resulted in the FDEP and the Utility entering a Consent Order requiring a centralized treatment facility.

The Consent Order required that the Utility provide proof of funding for the facility within 12 months after the Order date. The funding of the treatment facility was an item of the ongoing (as referenced) PSC rate case which was not completed by the expiration of the 12 month period (July 30, 2008); therefore, the Utility provided a bank letter of credit in order to fulfill the proof of financing within the allotted 12 month period. This requirement of the Order is Satisfied. The FDEP consent order also required that the centralized treatment facility be constructed within 30 months of the Order date which is by January 30, 2010. The Utility has not experienced exceedances of the Nitrate MCL for any operating wells since the signing of the Consent Order; therefore, drinking water standards are being met which allows the Utility to explore other possible alternatives prior to constructing a centralized treatment. One such

alternative is a potential sale of the Utility to the Florida Governmental Utility Authority (FGUA). Such a sale to a governmental entity would allow a connection to be made to the Pasco County water system without an impact fee being assessed. The assessment of the impact fee to Colonial Manor, due to private ownership, and the high cost of purchased water from the County system resulted in the construction of centralized treatment as the least cost alternative available under private ownership. Ownership by the FGUA could lead to eventual County ownership. The Utility will delay the construction of the centralized treatment facility up until such time that construction must be initiated in order to meet the January 30, 2010 deadline. At this time, construction of centralized treatment is on hold but is fully compliant with the terms of the consent order.

Please contact this office should you have any questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "David B. Schultz". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

s/David B. Schultz  
on behalf of Colonial Manor Utility Company