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TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

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COMMISSION
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Public Service Commission

July 17, 2009

Mr. Larry O'Steen
Neighborhood Utilities
300 West Adams Street Suite 540
Jacksonville, FL 32202-4343

Re: Docket No. 090060-WU – Application for staff assisted rate case in Duval County by Neighborhood Utilities.

Dear Mr. O'Steen:

During the course of my investigation concerning the above mentioned rate case, information was obtained concerning the current territorial status of the Utility. You informed me that an area swap arrangement was previously made with JEA. In addition, you provided me with a water system map which indicated the areas affected by the swap. After review of this situation, it appears that the utility amended its territory without prior Commission approval. Pursuant to subsection 367.045(2), Florida Statutes (F.S.), a utility may not delete or extend its service until it has obtained an amended certificate of authorization from the Commission. Because of the Utility's apparent modification of its territory without prior Commission approval, it may be subject to a penalty pursuant to section 367.161(1) F.S.

Unless proven by the utility that prior Commission approval was obtained, we believe that an amendment of the utility's service territory is necessary. Enclosed with this letter is a copy of Order No. 13723, which, as highlighted on Page 4, describes the utility's authorized service territory. Also enclosed is an application for amendment of certificate. Please follow the directions included in the application and submit it to the Commission Clerk by September 1, 2009. To be included with the amendment application, please provide an explanation as to how the Utility came to provide service outside its authorized territory. This information should include the number of connections currently being served and the date when the utility first started to provide service to those customers located in the unauthorized area. Please note that any subsequent filing concerning the Utility's territory is not related to the above referenced rate case docket. Therefore, please do not make reference to Docket No. 090060-WU, when the amendment filing is submitted. Your full cooperation would be appreciated.

The mailing address for the Commission Clerk is as follows:

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

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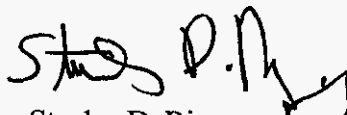
Mr. Larry O'Steen

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If you have any questions, do not hesitate to call me at (850) 413-6970

Sincerely,

A handwritten signature in black ink, appearing to read "Stanley D. Rieger". The signature is stylized with a large initial "S" and a long horizontal stroke at the end.

Stanley D. Rieger

Bureau of Certification, Economics & Tariffs

Enclosure

SDR:kb

Cc: Division of Regulatory Compliance (Brown)
Office of General the General Counsel (Hartman)
Office of Commission Clerk