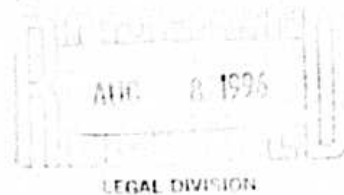


August 06, 1996

Mr. Charles J. Pellegrini, Staff Counsel
Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850



Re: Indiantown Company, Inc.

Dear Mr. Pellegrini,

As part of your investigation into the water rates of Indiantown Company, Inc., I recently received a request from Barry Davis to outline the various water and wastewater utility plant improvements made in 1995 and those either made or contemplated for 1996. I believe that these additions can be summarized as follows:

WATER UTILITY PLANT ADDITIONS - 1995

The additions to the water utility plant for 1995, extracted from the FPSC Annual Report, are as follows:

Water treatment equipment	\$ 7,255
Transmission and distribution mains	85,579
Meters and meter installations	6,149
Transportation equipment	915
Tools, shop and garage equipment	172
	<u>\$100,070</u>

Water treatment equipment includes two new scales costing \$5,506 that were mandated by the Department of Environmental Protection (DEP). These scales are used to weigh and measure chlorine used in the water treatment process. DEP also required that we acquire and install a turbidity meter and a head loss measuring device for a cost of \$1,749.

During 1995, the Florida Department of Transportation (FDOT) completed the widening of State Road 710 that runs through Indiantown. FDOT required that we relocate the existing water lines that were in their right-of-ways at a cost (after DOT reimbursement) of \$85,579.

Costs for meters and meter installations for customer hook-ups in 1995 totaled \$6,149.

A winch/hoist for a truck was purchased for \$915 that is needed to lift motors and well pumps.

Other miscellaneous equipment was acquired during 1995 costing \$172.

WASTEWATER UTILITY PLANT ADDITIONS - 1995

The 1995 additions to the wastewater utility plant, as disclosed in the FPSC Annual Report, are as follows:

Collection sewers - force	\$ 12,695
Collection sewers - gravity	33,399
Pumping equipment	2,356
Treatment and disposal equipment	112,353
Tools, shop and garage equipment	119
	<u>\$160,922</u>

Collection sewers - force of \$12,695 represents costs to repair/replace the lift station at the Indiantown Marina which ceased to function during the year.

As previously mentioned, the FDOT widened State Road 710. The amount listed above for collection sewers - gravity of \$33,399 represents the amount incurred (net of FDOT reimbursement) to relocate sewer lines due to the widening that was mandated by FDOT.

Pumping equipment represents the cost of a new 4" pump that was needed to drain the ponds for cleaning and for emergency use for pumping lift stations.

During 1995, a surge tank was installed at the main wastewater plant. The expenditure of \$107,146, was necessary to level the peak flows at the plant and is included in treatment and disposal equipment. Other costs incurred in this category were \$2,767 to replace a lift station pump that had failed (4th Street), and \$2,440 for four (4) monitoring wells required by DEP for our reuse irrigation system.

\$119 was spent on various tools and equipment.

WATER UTILITY PLANT ADDITIONS - 1996

For 1996, the majority of our budget for water is dedicated to the Water Main Improvement Project that was covered in my letter to you dated July 8, 1996. This project, with an estimated cost of \$357,222, is deemed necessary for several reasons. Martin County has informed us that the existing pressure on our system is not adequate for proper fire flow protection. Martin County has also requested that we add fire hydrants to the system for better fire protection coverage. The project will increase the line sizes in certain areas which will increase pressure. It will also include the addition of eleven (11) new fire hydrants. In addition, the water system will be "looped." By looping the system, we will be able to redirect water in the event of a line break, which will enhance fire protection coverage and will also minimize the loss of service to customers.

We have also received comments from existing customers that the water pressure is inadequate. Again, increasing line sizes and looping the system should alleviate these problems.

The existing system also has considerable amounts of 2" galvanized steel water mains. The mains are susceptible to rusting from both the inside and outside. The project will replace the existing 2" mains with 6" mains which will reduce the water loss from leaks due to the deterioration of the mains.

All of the above described enhancements to the water system improve the quality of service to existing customers.

During 1996, we purchased a truck for the water department at a cost of \$8,789 which is being used to replace an existing truck that has reached the end of its economic life.

WASTEWATER UTILITY PLANT ADDITIONS - 1996

This year, we were required to replace certain sewer mains that were damaged and which were experiencing infiltration problems at a cost of \$14,000. In addition, we replaced a pump and related equipment at two lift stations that had failed at a total cost of \$3,567.

For 1996, we anticipate that we will have other additions to both the water and wastewater utility plant. However, the plans for those additions are still in the investigative stages and have not been discussed in this letter.

I trust that this letter provides you with an overview of the utility plant additions for 1995 and 1996. If you have further questions or need additional information, please contact me.

Yours sincerely,



William C. Fowler, CPA

cc: Robert M. Post, Jr., President
David B. Erwin, Esquire

INDIANTOWN COMPANY, INC.
P.O. Box 397
INDIANTOWN, FLORIDA 34956
THE COMMUNITY PLANNED FOR PLEASANT LIVING

Mr. Charles J. Pellegrini, Staff Counsel
Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

32399-0850

