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September 10, 2007  
VIA HAND DELIVERY

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COMMISSION  
CLERK

Ann Cole, Commission Clerk  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Mad Hatter Utility, Inc.; Docket Nos. 021215-WS and ~~041432~~-WU  
Order No. PSC-07-0669-SC-WS  
Our File No. 28023.01

041342-WU  
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Dear Ms. Cole:

This letter will serve as Mad Hatter Utility, Inc.'s response to the Show Cause provisions of Order No. PSC-07-0669-SC-WS, issued on August 20, 2007, wherein the Utility was required to Show Cause by September 10, 2007 why it should not be fined \$500 for failure to abide by the provisions of Section 367.045(2), Florida Statutes by serving outside its certificated service territory.

Rather than spend the substantial amount of monies in responding to the Commission's Order and the allegations contained therein, MHU is simply willing to pay the \$500 fine. However, in doing so we wish to once again point out that we believe it is most inappropriate and bad public policy to Show Cause and to penalize MHU for providing service under these two extremely unique circumstances, both in the public interest. We wish to reiterate again the circumstances concerning how service began being provided in those two situations:

- Oak Grove Subdivision - MHU has been involved in years of extensive litigation with Pasco County over Pasco County's invasion of MHU's PSC authorized service territory to serve the Oak Grove subdivision from its inception. This litigation went on for many years. At the end of the litigation, after the Federal Court determined that MHU was correct in that the County was illegally serving within Mad Hatter's service territory, the Court ordered Pasco County to turn over all of the facilities in the Oak Grove subdivision to MHU. In doing so, MHU was provided with lines and facilities as designed and constructed by Pasco County and an obligation to provide service to hundreds of existing Oak Grove subdivision customers all served by common infrastructure and as such, acquired an obligation to provide service to those persons as well. Soon after that transfer of those facilities, the Utility determined that a very small number (approximately 10 customers) were outside its designated

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service territory. However, the Utility had no ability to discontinue service to those customers because of the configuration of the facilities that would not allow segregation of those few residential customers outside the Utility's existing service territory. In all cases, the customers outside MHU's territory were at the end of the service lines and without any alternative for service. The day Pasco sawed their service line in two and cut off all water and sewer to this entire subdivision area. The Utility had no choice but to provide service to these customers outside its service territory. As soon as the Utility realized that those customers were outside its territory, it filed the above-referenced Application for Extension to include those within its certificate.

2. Leonard Road Resident - The Utility provided service to one elderly resident on Leonard Road whose well had failed. This was a retired couple in a mobile home, and no County service was readily available. As soon as the Utility began providing this temporary service, the Utility immediately tried to negotiate with the County to allow inclusion of those into its service territory without protest, and then filed a request with the Commission that they also be included. To penalize the Utility for attempting to help out a citizen immediately adjacent to its water facility, is very bad public policy. The Utility, at the time of service, noticed the couple that final service would be subject to PSC approval.

Given these facts, we are concerned that the Commission has chosen to Show Cause and to fine MHU. To penalize MHU's good will would say we should not allow utilities to help outside its certificated territory, even in the case of hurricanes or other emergency.

But the cost of defending itself is well beyond the amount of the fine that the Commission is proposing to impose, and therefore, the Utility is simply paying the fine and not contesting the Show Cause proceeding.

If you have any further questions in this regard, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding  
For The Firm

FMD/tms

cc: Larry DeLucenay, President of Mad Hatter Utility, Inc.

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