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June 26, 1997

ORIGINAL
FILE COPY

Atlanta	Orlando
Boca Raton	St. Petersburg
Fort Lauderdale	Tallahassee
Jacksonville	Tampa
Lakeland	Washington, D.C.
Miami	West Palm Beach

D. BRUCE MAY
904-425-5607

Internet Address:
dbmay@hklaw.com

VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Application for Increased Water Rates by Hobe Sound Water Company (HSWC) in Martin County, Docket No. 970164-WU

Dear Ms. Bayo:

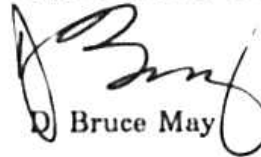
Enclosed for filing in the above-referenced docket are the original and 15 copies of an affidavit of Michael Carfine, Manager of The Hobe Sound Water Company, attesting to the date on which the Initial Customer Notice was mailed to the utility's customers.

For purpose of our records, please acknowledge your receipt of this filing on the enclosed copy of this letter.

Thank you for your consideration in this matter.

Sincerely,

HOLLAND & KNIGHT LLP


D. Bruce May

Enclosure
DBM/kdw

cc: Roseanne Capeless

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Blanca S. Bayo
June 26, 1997
Page 2

Troy Rendell
Lee Monroe
Jack Shreve, Office of Public Counsel
Michael Carfine
John F. Guastella

TAL-110526

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FILE

AFFIDAVIT OF MICHAEL CARFINE

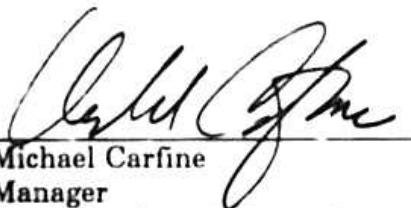
**STATE OF FLORIDA
COUNTY OF MARTIN**

Before me personally appeared Michael Carfine who, being duly sworn states:

1. I am the Manager of The Hobe Sound Water Company ("Hobe Sound").
2. Hobe Sound mailed the attached Initial Customer Notice to all of its

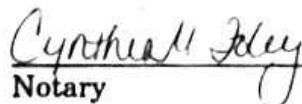
customers on or before June 23, 1997.

FURTHER AFFIANT SAYETH NOT.



Michael Carfine
Manager
The Hobe Sound Water Company

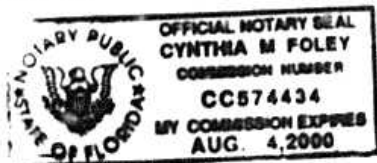
SWORN TO and SUBSCRIBED before me on this 23^d day of
June, 1997.



Notary

My Commission Expires:

TAL-109892



DOCUMENT ID: DATE

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THE HOBE SOUND WATER COMPANY

NOTICE OF APPLICATION BY HOBE SOUND WATER COMPANY, INC.

FOR ADJUSTMENT OF RATES

FLORIDA PUBLIC SERVICE COMMISSION DOCKET NO. 970164-W/U

Date Issued: June 20, 1997

1. Notice is hereby given pursuant to Rule 25-22.0407, Florida Administrative Code, that The Hobe Sound Water Company, Inc. ("Hobe Sound") has applied to the Florida Public Service Commission (the "Commission") for an increase in its water rates in Martin County, Florida.

2. Hobe Sound is a water utility company regulated by the Commission. Hobe Sound is seeking an increase in its water rates to recover costs associated with the construction of a groundwater filtration facility, as well as current operating expenses.

3. The following are the present, proposed interim, and proposed final water service rates. Any interim rate increase granted would be subject to refund, with interest, pending the final determination of the case.

<u>Class/Meter Size</u>	<u>Present Rates</u>	<u>Proposed Interim</u>	<u>Proposed Rates</u>
RESIDENTIAL			
Base Facility Charge:			
5/8" x 3/4"	\$13.59	\$14.25	\$18.68
3/4"	20.38	21.37	28.02
1"	33.96	35.61	46.70
1 1/2"	67.92	71.22	93.40
2"	108.68	113.97	149.44
3"	217.35	227.93	298.88
4"	339.60	356.12	467.00
Gallage Charge/1,000 gallons			
0 to 10,000 gallons	\$0.87	\$0.91	\$1.20
10,001 to 40,000 gallons	1.96	2.06	2.40
Over 40,000 gallons	2.62	2.75	3.00

GENERAL SERVICE

Base Facility Charge:

5/8" x 3/4"	\$13.59	\$14.25	\$18.68
3/4"	20.38	21.37	28.02
1"	33.96	35.61	46.70
1 1/2"	67.92	71.22	93.40
2"	108.68	113.97	149.44
3"	217.35	227.93	298.88
4"	339.60	356.12	467.00
Gallage Charge/1,000 gallons			
All consumption	\$1.63	\$1.71	\$2.06

4. The Commission may modify the proposed rates so as to increase or decrease the proportionate rate amounts allocated to the base facility charge (the fixed minimum monthly amount regardless of usage) and the gallage charge (which will vary with actual usage). The Commission may also modify the rates so as to allocate revenue among the various meter sizes in a different manner than that proposed by Hobe Sound.

5. Hobe Sound's position is that its water facilities are one hundred percent (100%) used and useful. In the event that the Commission determines that any part of Hobe Sound's facilities are not one hundred percent (100%) used and useful, Hobe Sound has requested that it be allowed to implement and collect an Allowance for Funds Prudently Invested ("AFPI") in an amount sufficient to cover all water plant amounts.

6. Hobe Sound has not requested a change in its service availability charges as a part of its rate request. However, the Commission will be reviewing Hobe Sound's service availability charges in the pending rate case and the Commission may adjust Hobe Sound's service availability charges. Service availability charges and AFPI charges are designed to pay for the growth of the utility system and are paid by new, and not existing customers.

7. The following dates have been established to govern the key activities of this case.

Staff Recommendation - Interim	June 12, 1997
Agenda Conference (Tallahassee)	June 24, 1997
Customer Meeting (Hobe Sound)	June 25, 1997
Audit Complete	July 11, 1997
Standard Order - Interim	July 14, 1997
Staff Recommendation	September 11, 1997
Agenda Conference (Tallahassee)	September 23, 1997
PAA Order	October 13, 1997

8. Copies of the Application, minimum filing requirements, and a synopsis of the rate case are available for public inspection at the following locations:

<u>Location</u>	<u>Hours Available</u>
The Hobe Sound Water Company 11844 S.E. Dixie Highway Hobe Sound, Florida 33455-0068 (561) 546-2511	Monday through Friday 8:00 a.m. - 3:00 p.m. (closed for lunch)
Florida Public Service Commission Division of Records and Reporting 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 (904) 413-6770	Monday through Friday 8:00 a.m. - 5:00 p.m.

9. Written customer comments concerning Hobe Sound's water utility service and Hobe Sound's request for a rate increase should be addressed to the Director of the Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850, with a courtesy copy to D. Bruce May, Holland & Knight LLP, P.O. Drawer 810, Tallahassee, FL 32302. All comments should include a reference to Commission Docket No. 960451-WS, which has been assigned to this case.

10. Complaints regarding service may be made to the Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-3552.

11. On June 16, 1997, this Notice was approved for distribution by the Staff of the Commission.

TAL-109247